

INTRODUCTION: Public Debt Operations

Chapter 31 of Title 31 of the United States Code allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States." The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

- Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

- Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every 4 weeks. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to

mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to \$1 million for bills and \$5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

- Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2, and data for cash management bills.

- Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

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[Source: Bureau of the Public Debt, Office of Financing]

OCTOBER

Auction of 4-3/4-Year Inflation-Indexed Notes

October 1, 1997, Treasury announced it would auction \$8,000 million of 4-3/4-year 3-5/8 percent inflation-indexed notes of Series J-2002 to raise cash. This was an additional issue of notes dated July 15, 1997, due July 15, 2002, with interest payable January 15 and July 15 until maturity. Adjusted accrued interest of \$9.08969 per \$1,000, covering the period from July 15 to October 15, 1997, was payable with each accepted tender.

Tenders were received prior to 12 noon e.d.s.t. for noncompetitive tenders and prior to 1 p.m. e.d.s.t. for competitive tenders on October 8, and totaled \$28,552 million, of which \$8,012 million was accepted. All competitive tenders at yields lower than 3.600 percent were accepted in full. Tenders at 3.600 percent were allotted 15 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 3.600 percent with an equivalent adjusted price of 100.400. The median yield was 3.580 percent, and the low yield was 3.499 percent. Noncompetitive tenders totaled \$33 million. Competitive tenders accepted from private investors totaled \$7,979 million.

In addition to the \$8,012 million of tenders accepted in the auction process, \$400 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series J-2002 may be held in STRIPS form. The minimum par amount required is \$1,600,000.

Auction of 2-Year and 5-Year Notes

October 22 Treasury announced it would auction \$15,000 million of 2-year notes of Series AL-1999 and \$11,000 million of 5-year notes of Series N-2002 to refund \$29,356 million of securities maturing October 31 and to pay down about \$3,350 million.

The notes of Series AL-1999 were dated October 31, 1997, due October 31, 1999, with interest payable April 30 and October 31 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders October 28, and totaled \$34,308 million, of which \$15,003 million was accepted. All competitive tenders at yields lower than 5.720 percent were accepted in full. Tenders at 5.720 percent were allotted 2 percent. All noncompetitive and successful competitive bidders were allotted securities at the high

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yield of 5.720 percent with an equivalent price of 99.823. The median yield was 5.690 percent, and the low yield was 5.640 percent. Noncompetitive tenders totaled \$828 million. Competitive tenders accepted from private investors totaled \$14,175 million.

In addition to the \$15,003 million of tenders accepted in the auction process, \$1,280 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$502 million was accepted from Federal Reserve banks for their own accounts.

As Treasury announced on September 17, all new Treasury marketable fixed-rate notes and bonds issued on and after September 30, 1997, would be eligible for the Separate Trading of Registered Interest and Principal Securities (STRIPS) program. (Notes and bonds issued prior to September 30, 1997, that were not already eligible for the STRIPS program were not made eligible for stripping at that time.) The notes of Series AL-1999 may be held in STRIPS form. The minimum par amount required is \$320,000.

The notes of Series N-2002 were dated October 31, 1997, due October 31, 2002, with interest payable April 30 and October 31 until maturity. An interest rate of 5-3/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders October 29, and totaled \$24,741 million, of which \$11,003 million was accepted. All competitive tenders at yields lower than 5.830 percent were accepted in full. Tenders at 5.830 were allotted 2 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.830 percent with an equivalent price of 99.657. The median yield was 5.791 percent, and the low yield was 5.750 percent. Noncompetitive tenders totaled \$312 million. Competitive tenders accepted from private investors totaled \$10,691 million.

In addition to the \$11,003 million of tenders accepted in the auction process, \$350 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$365 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series N-2002 may be held in STRIPS form. The minimum par amount required is \$800,000.

52-Week Bills

October 3 tenders were invited for approximately \$12,500 million of 364-day Treasury bills to be dated October 16, 1997, and to mature October 15, 1998. The issue was to refund \$14,181 million of maturing 52-week bills and to pay down about \$1,675 million. The bills were auctioned October 9. Tenders totaled \$54,235 million, of which \$12,710 million was accepted, including \$772 million of noncompetitive tenders from the public and \$1,227 million of the bills issued to Federal Reserve banks as agents for foreign and international monetary

authorities. An additional \$33 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. In addition, \$6,010 million was awarded to the Federal Reserve banks for their own accounts. The average bank discount rate was 5.20 percent.

Cash Management Bills

October 28 tenders were invited for approximately \$21,000 million of 80-day bills to be issued November 3, 1997, representing an additional amount of bills dated July 24, 1997, maturing January 22, 1998. The issue was to raise new cash. Tenders were opened October 30. They totaled \$66,320 million, of which \$21,139 million was accepted. The average bank discount rate was 5.18 percent.

NOVEMBER

November Quarterly Financing

October 29 Treasury announced it would auction \$14,000 million of 3-year notes of Series X-2000, \$11,000 million of 9-3/4-year 6-1/8 percent notes of Series D-2007, and \$10,000 million of 30-year bonds of November 2027 to refund \$26,543 million of Treasury securities maturing November 15 and to raise about \$8,450 million new cash.

The notes of Series X-2000 were dated November 15, 1997, issued November 17, 1997, due November 15, 2000, with interest payable May 15 and November 15 until maturity. An interest rate of 5-3/4 percent was set after the determination as to which tenders were accepted on a yield auction basis. Accrued interest of \$0.31768 per \$1,000, covering the period from November 15 to November 17, 1997, was payable with each accepted tender.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders November 4, and totaled \$34,641 million, of which \$14,014 million was accepted at yields ranging from 5.755 percent, price 99.986, up to 5.768 percent, price 99.950. Tenders at the high yield were allotted 92 percent. Noncompetitive tenders were accepted in full at the average yield, 5.762 percent, price 99.967. These totaled \$623 million. Competitive tenders accepted from private investors totaled \$13,391 million.

In addition to the \$14,014 million of tenders accepted in the auction process, \$342 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$1,651 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series X-2000 may be held in STRIPS form. The minimum par amount required is \$800,000.

The 6-1/8 percent notes of Series D-2007 were an additional issue of notes dated August 15, 1997, due August 15, 2007, with interest payable February 15 and August 15 until maturity. Accrued interest of \$15.64538 per \$1,000, covering the period from August 15 to November 17, 1997, was payable with each accepted tender.

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Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders on November 5, and totaled \$26,803 million, of which \$11,003 million was accepted at yields ranging from 5.941 percent, price 101.324, up to 5.967 percent, price 101.133. Tenders at the high yield were allotted 30 percent. Noncompetitive tenders were accepted in full at the average yield, 5.955 percent, price 101.221. These totaled \$331 million. Competitive tenders accepted from private investors totaled \$10,672 million.

In addition to the \$11,003 million of tenders accepted in the auction process, \$300 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$1,295 million was accepted from Federal Reserve banks for their own account.

The notes of Series D-2007 may be held in STRIPS form. The minimum par amount required is \$1,600,000.

The bonds of November 2027 were dated November 15, 1997, issued November 17, 1997, due November 15, 2027, with interest payable May 15 and November 15 until maturity. An interest rate of 6-1/8 percent was set after the determination as to which tenders were accepted on a yield auction basis. Accrued interest of \$0.33840 per \$1,000, covering the period from November 15 to November 17, 1997, was payable with each accepted tender.

Tenders for the bonds were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders November 6, and totaled \$28,173 million, of which \$10,003 million was accepted at yields ranging from 6.198 percent, price 99.010, up to 6.207 percent, price 98.889. Tenders at the high yield were allotted 44 percent. Noncompetitive tenders were accepted in full at the average yield, 6.201 percent, price 98.970. These totaled \$293 million. Competitive tenders accepted from private investors totaled \$9,710 million.

In addition to the \$10,003 million of tenders accepted in the auction process, \$1,180 million was accepted from Federal Reserve banks for their own account.

The bonds of November 2027 may be held in STRIPS form. The minimum par amount required is \$1,600,000.

Auction of 2-Year and 5-Year Notes

November 19 Treasury announced it would auction \$15,000 million of 2-year notes of Series AM-1999 and \$11,000 million of 5-year notes of Series P-2002 to refund \$29,266 million of securities maturing November 30 and to pay down about \$3,275 million.

The notes of Series AM-1999 were dated November 30, 1997, issued December 1, 1997, due November 30, 1999, with interest payable May 31 and November 30 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis. Accrued interest of \$0.15453 per \$1,000, covering the period from November 30 to December 1, 1997, was payable with each accepted tender.

Tenders were received prior to 11 a.m. e.s.t. for noncompetitive tenders and prior to 11:30 a.m. e.s.t. for competitive tenders November 24, and totaled \$39,935 million, of which \$15,008 million was accepted. All competitive tenders at yields lower than 5.700 percent were accepted in full. Tenders at 5.700 percent were allotted 40 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.700 percent with an equivalent price of 99.860. The median yield was 5.680 percent, and the low yield was 5.630 percent. Noncompetitive tenders totaled \$729 million. Competitive tenders accepted from private investors totaled \$14,279 million.

In addition to the \$15,008 million of tenders accepted in the auction process, \$1,420 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$548 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series AM-1999 may be held in STRIPS form. The minimum par amount required is \$320,000.

The notes of Series P-2002 were dated November 30, 1997, issued December 1, 1997, due November 30, 2002, with interest payable May 31 and November 30 until maturity. An interest rate of 5-3/4 percent was set after the determination as to which tenders were accepted on a yield auction basis. Accrued interest of \$0.15797 per \$1,000, covering the period from November 30 to December 1, 1997, was payable with each accepted tender.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders November 25, and totaled \$32,775 million, of which \$11,003 million was accepted. All competitive tenders at yields lower than 5.769 percent were accepted in full. Tenders at 5.769 percent were allotted 40 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.769 percent with an equivalent price of 99.918. The median yield was 5.760 percent, and the low yield was 5.730 percent. Noncompetitive tenders totaled \$311 million. Competitive tenders accepted from private investors totaled \$10,692 million.

In addition to the \$11,003 million of tenders accepted in the auction process, \$700 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$400 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series P-2002 may be held in STRIPS form. The minimum par amount required is \$800,000.

52-Week Bills

October 31 tenders were invited for approximately \$12,000 million of 364-day Treasury bills to be dated November 13, 1997, and to mature November 12, 1998. The issue was to refund \$14,767 million of maturing 52-week bills and to pay down about \$2,775 million. The bills were auctioned November 6. Tenders totaled \$79,482 million, of which \$12,337

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million was accepted, including \$713 million of noncompetitive tenders from the public and \$734 million of the bills issued to Federal Reserve banks as agents for foreign and international monetary authorities. An additional \$716 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. In addition, \$5,375 million was awarded to the Federal Reserve banks for their own accounts. The average bank discount rate was 5.14 percent.

Cash Management Bills

November 21 tenders were invited for approximately \$35,000 million of 15-day bills to be dated December 1, 1997, and to mature December 16, 1997. The issue was to raise new cash. Tenders were opened November 25. They totaled \$89,907 million, of which \$35,209 million was accepted, including \$50 million of the bills issued to Federal Reserve banks as agents for foreign and international monetary authorities. The average bank discount rate was 5.56 percent.

DECEMBER

Auction of 2-Year and 5-Year Notes

December 17 Treasury announced it would auction \$15,000 million of 2-year notes of Series AN-1999 and \$11,000 million of 5-year notes of Series Q-2002 to refund \$29,946 million of securities maturing December 31 and to pay down about \$3,950 million.

The notes of Series AN-1999 were dated December 31, 1997, due December 31, 1999, with interest payable June 30 and December 31 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 11 a.m. e.s.t. for noncompetitive tenders and prior to 11:30 a.m. e.s.t. for competitive tenders December 22, and totaled \$34,133 million, of which \$15,003 million was accepted. All competitive tenders at yields lower than 5.690 percent were accepted in full. Tenders at 5.690 percent were allotted 33 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.690 percent with an equivalent price of 99.879. The median yield was 5.670 percent, and the low yield was 5.630 percent. Noncompetitive tenders totaled \$725 million. Competitive tenders accepted from private investors totaled \$14,277 million.

In addition to the \$15,003 million of tenders accepted in the auction process, \$900 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$796 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series AN-1999 may be held in STRIPS form. The minimum par amount required is \$320,000.

The notes of Series Q-2002 were dated December 31, 1997, due December 31, 2002, with interest payable June 30

and December 31 until maturity. An interest rate of 5-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.s.t. for noncompetitive tenders and prior to 1 p.m. e.s.t. for competitive tenders December 23, and totaled \$28,898 million, of which \$11,002 million was accepted. All competitive tenders at yields lower than 5.685 percent were accepted in full. Tenders at 5.685 percent were allotted 87 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.685 percent with an equivalent price of 99.742. The median yield was 5.669 percent, and the low yield was 5.600 percent. Noncompetitive tenders totaled \$293 million. Competitive tenders accepted from private investors totaled \$10,709 million.

In addition to the \$11,002 million of tenders accepted in the auction process, \$450 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$585 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series Q-2002 may be held in STRIPS form. The minimum par amount required is \$320,000.

Treasury Announces Changes in Bill Auction Regulations

November 4, 1997, Treasury announced that, beginning with the weekly bills to be auctioned on November 10, 1997, competitive bids in all 13-, 26-, and 52-week bill auctions must be expressed as a discount rate with three decimals in increments of .005 percent, e.g., 7.100 percent, 7.105 percent, etc. Competitive bids in cash management bill auctions are still to be expressed as a discount rate with two decimals, e.g., 7.53 percent. Also beginning with the November 10 auction and applying to all Treasury bill auctions, including cash management bills, the net long position reporting threshold was reduced from \$2 billion to \$1 billion.

52-Week Bills

November 26 tenders were invited for approximately \$12,000 million of 364-day Treasury bills to be dated December 11, 1997, and to mature December 10, 1998. The issue was to refund \$14,882 million of maturing 52-week bills and to pay down about \$2,875 million. The bills were auctioned on December 4. Tenders totaled \$40,322 million, of which \$12,029 million was accepted including \$829 million of noncompetitive tenders from the public and \$1,201 million of the bills issued to Federal Reserve banks as agents for foreign and international monetary authorities. An additional \$304 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. In addition, \$5,660 million was awarded to the Federal Reserve banks for their own accounts. The average bank discount rate was 5.180 percent.